

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 SNM-02 DEAE-00 TRSE-00 AID-05 AGRE-00

EB-07 IGA-02 OMB-01 OES-07 IO-13 /093 W

-----012433 211156Z /40

R 210700Z JUL 77

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 3851

INFO AMCONSUL HONG KONG

USLO PEKING

C O N F I D E N T I A L RANGOON 2120

E.O. 11652: GDS

TAGS: PINS, SNAR, BM, CH

SUBJ: SHAN STATE TRIP REPORT, JULY 12-14

FOLLOWING IS THE TEXT OF A REPORT FROM AMCONSUL MANDALAY.

QUOTE:

1. SUMMARY. THE GUB HAS RETURNED TO THE PRC SEVERAL PEOPLE, APPARENTLY OFFICIALS, WHO FLED TO BURMA IN THE LAST NINE MONTHS AS A RESULT OF FACTIONAL DIFFERENCES IN THE PRC. THE CROP SUBSTITUTION PROGRAM IN THE SHAN STATE IS BEING ADVERSELY AFFECTED BY BOTH BAD WEATHER AND THE HIGH LEVEL OF INSURGENCY. END SUMMARY.

2. PURPOSE OF VISIT. I TRAVELLED TO THE SHAN STATE JULY 12-14 TO ACCOMPANY THE DCM, O. AMMON BARTLEY, AND HIS FAMILY ON A VISIT TO TAUNGGYI, THE SHAN STATE CAPITAL.

3. GUB ASSISTS PRC. MR. BARTLEY AND I JULY 13 CALLED ON U TUN YIN LAW, THE CHAIRMAN OF THE SHAN STATE PEOPLE'S COUNCIL. DURING THE COURSE OF A CORDIAL CONVERSATION, U TUN YIN LAW  
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REVEALED THAT THE GUB AICE WITHIN THE LAST NINE MONTHS HAS RETURNED TO THE PRC AT PRC REQUEST PEOPLE, APPARENTLY OFFICIALS, WHO HAVE FLED CHINA. U TUN YIN LAW REMARKED THAT THE PEOPLE CONCERNED HAD BEEN ASSOCIATED WITH THE 'GANG OF FOUR.' (ALTHOUGH IT WAS NOT SO STATED, THE PRC MUST HAVE OFFERED THIS EXPLANATION WHEN IT REQUESTED THE RETURN OF THESE PEOPLE.) U TUN YIN LAW ADDED THAT THE MOST

RECENT INCIDENT OCCURED TWO MONTHS AGO. U TUN YIN LAW MENTIONED THESE EVENTS IN THE CONTEXT OF HIS HOPEFULNESS THAT THE PRC WOULD REDUCE ITS SUPPORT FOR THE BURMA COMMUNIST PARTY. (IN FACT, HE MAINTAINED THAT THERE HAD ALREADY BEEN A REDUCTION, AND WAS HOPEFUL OF AN EVEN GREATER LESSENING OF SUPPORT.)

4. BAD WEATHER. U TUN YIN LAW COMMENTED THAT THE SOUTHERN SHAN STATE HAD RECEIVED ONLY 17 INCHES OF RAIN SO FAR (THIS YEAR), COMPARED TO THE 30 INCHES IT WOULD NORMALLY RECEIVE. HE NOTED THAT THIS ENDANGERED THE RICE CROP AND ALSO WAS HAVING A BAD EFFECT ON THE CROP SUBSTITUTION PROGRAM.

5. CROP SUBSTITUTION. I LATER DISCUSSED THE CROP SUBSTITUTION PROGRAM WITH U SOE HLAING, THE MANAGER OF THE SHAN STATE AGRICULTURE DEPARTMENT. U SOE HLAING CONFIRMED THAT THE POOR WEATHER WAS ENDANGERING THE RICE CROP AS WELL AS THE CROP SUBSTITUTION PROGRAM. HE NOTED THAT THE OPIUM CROP HAD NOT YET BEEN AFFECTED AS IT IS A WINTER CROP. THE OPIUM POPPY, HE ADDED, IS VERY SENSITIVE TO SOIL AND WEATHER CONDITIONS; IF THERE IS NOT ENOUGH MOISTURE IN THE SOIL AT PLANTING TIME IN OCTOBER AND NOVEMBER, IT COULD BE BAD FOR THE NEXT OPIUM CROP. ON THE OTHER HAND, IF THE RAINS COME LATE BUT BEFORE OPIUM POPPY PLANTING TIME, IT COULD BE A GOOD YEAR FOR OPIUM. HE FURTHER OBSERVED THAT IF CURRENT CROPS FAILED, THE ECONOMIC INCENTIVE FOR PEASANTS TO RISK GROWING OPIUM

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WILL BE GREAT.

6. CROP SUBSTITUTION DIFFICULTIES. U SOE HLAING CONTINUED THAT THE HIGH LEVEL OF INSURGENCY IN THE SHAN STATE HAD MADE IT IMPOSSIBLE FOR CROP SUBSTITUTION FIELD WORKERS TO TAKE THE PROGRAM TO THE PEASANTS. INSTEAD, THE PEASANTS HAD BEEN CALLED INTO AGRICULTURAL CENTERS WHERE THEY WERE INDOCTRINATED AND GIVEN SEED AND OTHER ASSISTANCE. FOLLOW-UP IN THE FIELD HAS PROVEN IMPOSSIBLE IN MANY AREAS. U SOE HLAING ALSO SAID THAT SHORTAGE OF FUNDS HAD SEVERLY LIMITED THE AMOUNT OF ASSISTANCE THE AGRICULTURAL DEPARTMENT HAD BEEN ABLE TO PROVIDE.

7. BCP. VARIOUS TAUNGGYI SOURCES REPORTED THAT BCP FORCES HAVE COME AS CLOSE AS WITHIN TWENTY MILES OF TAUNGGYI IN THE PAST FEW MONTHS. THE U.S. PROVIDED BELL HELICOPTERS STATIONED IN THE TAUNGGYI AREA HAVE ALSO BEEN IN CONSTANT USE, IT IS REPORTED. THERE IS NO SIGN OF CONCERN ABOUT THE SECURITY SITUATION IN TAUNGGYI ITSELF, WHICH APPEARED TO BE MUCH AS IT HAD ON PREVIOUS VISITS.

8. NR. 4 CLINIC. THE NEWLY CONSTRUCTED DRUG TREATMENT

CENTER AT TAUNGGYI GENERAL HOSPITAL, JOocularly CALLED THE  
"NR. 4 CLINIC," WILL OPEN FOR BUSINESS ON JULY 20.  
MR. BARTLEY AND I JULY 13 PRESENTED THE CLINIC WITH A  
500 KYAT DONATION ON BEHALD OF THE AMERICAN WOMEN'S  
ASSOCIATION.

9. COMMENT. IT RAINED IN TAUNGGYI JULY 13-14, AND IT HAS  
ALSO RAINED FREQUENTLY IN MANDALAY FOR THE PAST FEW DAYS.  
IT MAY BE THAT THE RAINS HAVE AT LAST ARRIVED, AND IN TIME  
TO AVOID SIGNIFICANT CROP DAMAGE.  
UNQUOTE.  
OSBORN

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## Message Attributes

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**Executive Order:** GS  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009